

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION, §

Plaintiff, §

v. §

Case No.: 3-09-CV-0298-N

STANFORD INTERNATIONAL BANK, LTD., §

STANFORD GROUP COMPANY, §

STANFORD CAPITAL MANAGEMENT, LLC, §

R. ALLEN STANFORD, JAMES M. DAVIS, and §

LAURA PENDERGEST-HOLT, §

Defendants. §

**APPENDIX TO RECEIVER'S INTERIM REPORT ON
ASSET COLLECTION AND COST REDUCTION**

Dated: October 28, 2009

Respectfully submitted,

BAKER BOTTS L.L.P.

By: /s/ Kevin M. Sadler

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**ATTORNEYS FOR RECEIVER
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CERTIFICATE OF SERVICE

On October 28, 2009, I electronically submitted the foregoing appendix with the clerk of court for the U.S. District Court, Northern District of Texas, using the electronic case filing system of the court. I hereby certify that I have served the Court-appointed Examiner, and all counsel and/or pro se parties of record electronically or by another manner authorized by Federal Rule of Civil Procedure 5(b)(2).

/s/ Kevin M. Sadler

Kevin M. Sadler

Summary of Asset Collection Efforts (through 10/28/09)

- Cash collected - \$128.8 million
 - \$71.5 million on hand after payment of expenses
- Assets still to be monetized - efforts under way:
 - Private equity - \$26.4 to \$31.4 million
 - Stanford Bank of Panama - \$13.5 million
 - Coins and bullion - up to \$5.0 million
 - U.S. real estate - possibly several million, but equity rapidly diminishing
 - Other assets - \$3.0 million
- Assets and claims currently being pursued:
 - Clawbacks - pending claims of \$894 million (approx.)
 - Brokers - pending claims of \$136 million (approx.)
 - Non-broker former employees - pending claims of \$11.25 million
 - Additional third party claims being analyzed - at least \$7.7 million
 - Disputed foreign accounts - \$335 million of cash and other investments (approx.)
 - Claim under political risk insurance policy coverage - \$30 million
- Total cash on hand plus assets currently being pursued - over \$1.5 billion

Detail of Asset Collection Efforts (through 10/28/09)

- Cash - \$71.5 million on hand (net of \$128.8 million collected)
 - Expenditures of \$57.3 million, including:
 - \$25.8 million of Stanford general and administrative, personnel, occupancy and operating expenses
 - \$20.7 million of professional fees
 - \$9.9 million of mandatory liquidation payments and expenses
 - Identified approximately \$335 million in cash and other investments in disputed accounts
 - \$335 million in foreign accounts jointly claimed (Antigua liquidators)
- Private equity - estimated \$26.4 to \$31.4 million still to be liquidated
 - One investment has received court approval with closing pending - \$1.6 million
 - One investment awaiting court approval - \$700,000
 - Three signed purchase agreements, preparing motions - \$1.7 million
 - Eight pending transactions, negotiating purchase agreements - \$12.4 million
 - 23 remaining portfolio companies - estimated value of \$10 to \$15 million
 - Prior liquidation of six investments realized \$15.2 million in cash proceeds
- Proceeds from pending sale of Stanford Bank of Panama - estimated \$13.5 million

Detail of Asset Collection Efforts (through 10/28/09)

- Coins and bullion - estimated up to \$5.0 million (includes \$3.0 million subject to claims by defendants)
- Real estate - value uncertain, but estimated to be at least several million
 - Collected \$225,000 in rent payments to date
 - Estimated monthly rental income of \$30,000
 - Does not include substantial Antiguan real estate currently controlled by the Antiguan government
- Other assets - estimated \$7.8 million
 - Aircraft
 - Realized \$4.8 million in settlement with lien holders on five planes
 - Outstanding offer to purchase remaining aircraft - \$190,000
 - Boats and cars
 - Sea Eagle, Little Eagle and Robust Eagle - approximately \$2.7 million
 - Motions pending for sale of the Sea Eagle and Little Eagle
 - Various automobiles - \$100,000 estimated sales value
 - Miscellaneous assets - unknown value

Detail of Asset Collection Efforts (through 10/28/09)

- Claims
 - Against relief defendant investors - possible \$894 million (approx.)
 - Approximately \$275 million frozen at Pershing
 - Approximately \$18.8 million held in segregated account
 - Against brokers and managing directors
 - Pending claims of \$136 million (approx.)
 - Approximately \$70 million frozen at Pershing
 - Reviewing possible additional claims
 - Under political risk insurance policy - \$30 million claim
 - Against non-broker former employees
 - Former institutional money managers - \$11.25 million
 - Other employees - analysis ongoing
 - Against other third parties
 - Pending actions to recover payments to third parties - \$7.7 million
 - Returned political contributions of \$87,300
 - Claims against professionals and others - analysis ongoing

Summary of Expense Reduction Efforts (through 10/28/09)

Reduced personnel and administrative expenses	\$28.2 million/month
Reduced leasehold and office expenses	1.8 million/month
Reduced aviation expenses	2.7 million/month
Total average monthly cost savings	<u>\$32.7 million/month</u>

Detail of Cost Reduction Efforts (through 10/28/09)

- **Cost Savings**
 - In the seven months before the inception of the receivership, Stanford incurred approximately \$233.3 million in recurring operating expenses - an average monthly run rate of \$33.3 million
 - Due to incomplete financial records, certain operating expenses (including insurance and telecom) could not be estimated pre-receivership
 - As a result, the monthly run rate was actually higher
 - In the seven months since, the Receiver has achieved a 98% reduction in the recurring monthly operating expenses
 - Average monthly operating burn rate is now less than \$1.0 million
 - The Receiver has realized these savings by:
 - Reducing personnel and other SG&A expenses for a savings of \$28.2 million/month
 - Reduced headcount from 1,252 to 56 (excludes SIBL and Antiguan employees who are not paid out of U.S. funds)
 - Canceling leases and vacating branch offices for a savings of \$1.8 million/month
 - Canceled 47 leases in 36 cities
 - Vacated offices
 - Developed appropriate protocols for preservation of paper and electronic data
 - Winding down the aviation operations for a savings of \$2.7 million/month
 - Returned five planes to secured lender and moved remaining plane to third party hangar
 - Closed Houston hangar and eliminated substantially all aviation personnel positions